



**COUNCIL OF THE DISTRICT OF COLUMBIA**  
**COMMITTEE ON GOVERNMENT OPERATIONS**  
**Councilman Vincent Orange, Chair**

**PUBLIC ROUNDTABLE ON**

**Contracting & Procurement in the District of Columbia:  
The Utilization of Local, Small and Disadvantaged Business Enterprises**

**Testimony of  
THE DISTRICT DEPARTMENT OF TRANSPORTATION**

**Dan Tangherlini  
Director of Transportation**

**Anthony A. Williams, Mayor**

Wednesday, January 28, 2004  
10:00 am

Council Chambers  
Washington, DC

Good day Councilmember Orange and members of the Committee on Government Operations. I am Dan Tangherlini, Director of Transportation for the District of Columbia. I am here to present testimony on behalf of the Department of Transportation's (DDOT) activities regarding "Contracting & Procurement in the District of Columbia: The Utilization of Local, Small and Disadvantaged Business Enterprises."

As part of the preparation for this hearing, we submitted the attached answers to the set of questions posed by the Committee on our participation in the LSDBE program. I will summarize and highlight DDOT's accomplishments in the purchasing of goods and services from local, small and disadvantaged businesses in FY 03--and plans for improvement.

Overall, counting both local and federal funds, DDOT purchased goods and services totaling over \$22 million last year from LSDBE firms, as designated by the Office of Local Business Development. This includes \$3,748,197 directly by DDOT from local funds, plus \$414,742 by the Office of the Chief Technology Officer (OCTO) through a formal relationship with DDOT.

This amounts to 48% of DDOT's total of \$8,587,560 available for LSDBE purchases, with 44% coming from direct DDOT procurement. About 98% of these vendors were located in the District and all employ DC residents.

In addition, using federal funds, DDOT made purchases totaling \$18 million from local businesses certified as DDOT Disadvantaged businesses, about 47% of the \$40 million of federal funds contracted in FY2003. Although the FY2003 statistics have not yet been finalized by the federal government, DDOT continuously ranks among the highest of all states in the country in

DBE participation in the federal transportation program. In fact, in FY2002 DDOT was number 1.

While the total dollar amount is substantial, the percentage of purchases does not meet the goal of 50%-of-total purchases from LSDBE firms.

There are various reasons for this outcome, including the lack of the highly specialized materials and equipment required for DDOT operations, maintenance and construction needs. In addition, in many instances, DDOT is the only local customer for specific items needed to maintain the District's infrastructure, such as the city's streetlights and traffic signals. As a result many small businesses in the District may not find it economically feasible to have the level of inventory, expertise and contractual relationships with manufacturers required for DDOT projects. For these reasons we had limited success utilizing the District Supply Schedule in FY 2003.

DDOT is committed to meeting—and exceeding—the 50% goal of LSDBEs purchases. We have established a quarterly reporting system with a key feature being a formal self-evaluation by DDOT senior staff to make sure that the 50% goal is being met—and surpassed—and, if not, what corrections need to be made.

To assist in this high-level monitoring, DDOT is contracting for a DBE tracking system. This will allow DDOT personnel to have an early warning of potential shortfalls and make appropriate changes in procurement practices.

In addition, LSDBE goals have been incorporated into the director's and each associate director's performance contract, making it part of the formal periodic evaluation for DDOT's senior staff.

The DC Supply Schedule is a key part of meeting our LSDBE goals and DDOT will continue to strictly adhere to the Schedule and use it as a first source for procurement. To enhance the availability of LSDBE firms in the specialized areas of DDOT need, we have been offering specific assistance to local businesses so that they are better able to compete for DDOT business. This includes one-on-one mentoring and workshops on bidding, accounting, estimating and bonding.

The DC Department of Transportation's over \$22 million purchases from LSDBE firms is a significant benchmark. However, there are significant improvements that DDOT is making to better comply with and exceed the 50% goal. I want to assure the Committee and the Council that DDOT's managers and I are committed to meeting and exceeding the goal and reporting these results to the Committee and Council next year.

Thank you for the opportunity to testify on this important matter. I am available to answer any questions.